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Lucia A Keegan 10/17/2006 10:33:27 AM From DB/Inbox: Lucia A Keegan

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UNCLAS SENSITIVE PARIS 06828

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ACTION: AGR  
INFO: UNESCO SCI POL ECNO DCM AMB ECON TRDO

DISSEMINATION: AGRX  
CHARGE: PROG

APPROVED: AGR: EBERRY  
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TO RUEHC/SECSTATE WASHDC 2239  
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INFO RUCNMEM/EU MEMBER STATES  
RUEHMRE/AMCONSUL MARSEILLE 1363  
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SIPDIS

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BRUSSELS PASS USEU FOR AGMINCOUNSELOR  
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EU POSTS PASS TO AGRICULTURE AND ECON  
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SUBJECT: French agricultural official clashes with EU commission representative on reform date.

11. (SBU) Summary : Debate between a GOF agriculture official and a representative of the European Commission at an October 10 seminar on agricultural risk management highlighted continuing differences over:

- the date of the next round of CAP reform (2008 vs. 2013);
- whether the EU needed to make overtures on domestic support and market access to help restart the Doha Trade Round; and
- the possibility of using one percent set-asides for crop insurance programs. End Summary

2.(SBU) during a seminar on agricultural risk management, the high level representative of the French Ministry of Agriculture publicly clashed with the representative from the European Commission. He accused the Commission of lacking innovative policies and blamed the EU for not effectively reacting to agricultural crises. The EU representative replied that France's position was not representative of other member states' positions and that the budget constrained the EU Commission's initiatives.

13. (SBU) Tomas Garcia-Azcarate from the Agricultural Directorate of the EU Commission explicitly explained that in the current

environment, the EU Commission had no intention of establishing a crop or revenue insurance system for European farmers. There was no European consensus on this issue and no budget provisions for such a system. He also insisted that the 1 percent set-aside from farm payments through the modulation system was solely to be used by Member States for rural development and environmental policies. He stated that for the Commission, the next reform of the CAP will take place in 2008, not 2013. Tomas Garcia-Azcarate also mentioned that the Commission may have to make further proposals on market access and domestic support levels to help restart the Doha trade round. He concluded by lamenting current French hostility to the Commission.

¶4. (SBU) Christian Ligeard, who heads the International Relations Office at the Directorate for Economic and International Policy at the French Ministry of Agriculture, reacted strongly to Garcia Azcarate's statement. He reiterated that for France, 2008 was just a date to evaluate the current CAP, but that no reform should be undertaken before 2013. He also insisted that no further WTO proposal should be made by the EU Commission before other trade partners (namely the United States) make new proposals themselves.

¶5. (SBU) Christian Ligeard then criticized the Commission for being too cautious in tackling the various crises in agriculture while forbidding Member States to help their respective agricultural sectors. He referred to the Commission's refusal to set safeguard measures (even if such measures are authorized by the WTO) in 2005 when the European apple market was severely impacted by large imports from the southern hemisphere.

¶6. (SBU) Christian Ligeard also criticized the lack of will of the EU Commission on the crop insurance issue. He stated that for France, the 1 percent set-aside under the modulation system could be used for such programs, even if it ends up in the amber box.

¶7. Comment : While French officials, including President Chirac, have been strenuously opposing a 2008 "health check" of the Common Agricultural Policy (CAP), there are certain reforms many in the French agricultural sector would like to see, particularly in the area of enhanced risk management (ie crop and revenue insurance). The desire for reform may motivate the French to agree to at least a limited discussion of CAP provisions in the 2008 time frame. The new French administration which will be installed following the presidential election of 2007 may also be more open to discussing CAP reform. End comment

Stapleton